



OLENE WALKER HOUSING LOAN FUND

ANNUAL REPORT

2016



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Department of Workforce Services
Housing and Community Development Division

Equal Opportunity Employer/Program

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The Olene Walker Housing Loan Fund partners with public and private organizations to create and preserve affordable housing for Utah's low-income community.

EXECUTIVE SUMMARY

The Olene Walker Housing Loan Fund (OWHLF) partners with public and private organizations to create and preserve affordable housing for Utah's low-income community. To achieve this goal, the Housing and Community Development Division (HCD) and the OWHLF Board have eight OWHLF-funded programs and initiatives that support the construction, rehabilitation and purchase of affordable multifamily and single-family housing throughout Utah. These programs are based on fair, open and competitive processes for applicant proposals that create and preserve low-income housing units.

HCD has maintained a vision for affordable housing that includes the production of safe, decent and affordable housing for low-income citizens, development of new partnerships to leverage OWHLF, and support for ongoing efforts to end chronic homelessness in Utah. The following report outlines the accomplishments of the OWHLF programs for Utah during fiscal year ending June 30, 2016.

The fund supported construction or rehabilitation of 715 multifamily units and 128 single-family units statewide (see Table 1). Continued high costs for land, materials and labor created a better overall opportunity for investment in multifamily units rather than single-family units. OWHLF was able to support multifamily units at \$10,853 per unit and \$11,567 per single-family unit.

Leveraging continues to be an important strategy for the OWHLF Board to increase the affordable housing stock in Utah. As Chart 1 indicates, OWHLF leveraging has consistently increased from a low of \$9 spent for each dollar spent from OWHLF in 2011 to current leveraging level of \$17.89 per OWHLF dollar spent. In 2016 the OWHLF Board was allocated over \$8 million in state and federal funds to support multifamily projects. Through leveraging, over \$139 million from other sources were spent on multifamily projects during FY16. An additional \$7 million was leveraged for use in OWHLF-sponsored single-family projects.

The Board will continue to increase leveraging opportunities through additional funding partners and create new loan products. HCD is also working with local communities that possess Redevelopment Area and Economic Development Area (RDA/EDA) tax-increment financing set-asides for affordable housing and will also continue to pursue additional leveraging opportunities with Community Reinvestment Act (CRA) partners within the banking community, federal low-income housing tax credits (LIHTC), historical and energy tax credits, private foundations and bond sources. Leveraging opportunities allowed OWHLF to fund 843 new or rehabilitated units from federal and state tax credits, CDBG, U.S. Department of Agriculture (USDA) Rural Development and private nonprofit foundations. In 2016, the Private Activity Bond Board supplemented OWHLF efforts by approving 953 units of affordable housing in Salt Lake and Utah counties.

Table I. Year to Year Comparison of OWHLF Funding and Accomplishments

	Program Yr 14-15	Program Yr 15-16
HUD HOME Funding	\$2,716,100	\$2,701,950
State Funding	\$2,242,900	\$2,242,900
Total Funds Available	\$4,959,000	\$4,944,850
Total Units Assisted	477 units	843 units
Current Total Portfolio (number of open loans)	1,034 loans	971 loans
Total Value of Current Portfolio (loans and funds available)	\$128,866,596	\$137,276,109
Jobs Created *	944 jobs	2,038 jobs
Cumulative Totals (housing units funded since 1987)	15,525 units	16,368 units

Multifamily (MF) Units:

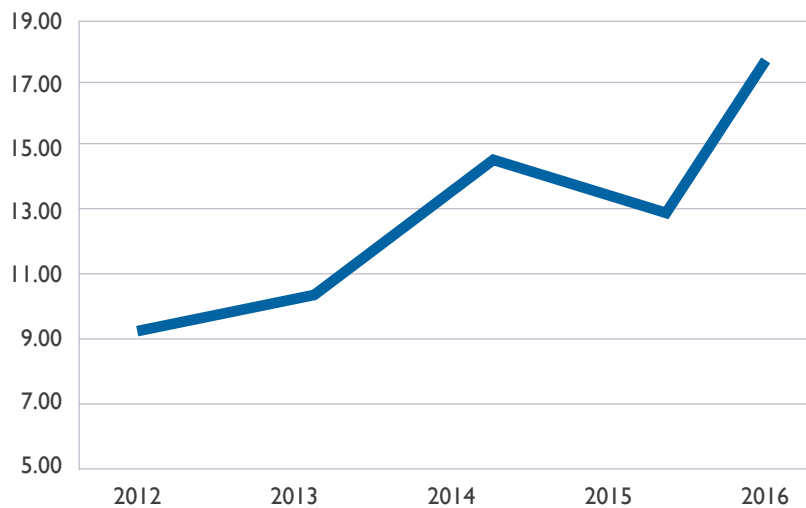
MF Affordable Units (constructed or rehabilitated)	370 units	715 units
Average OWHLF MF Subsidy	\$12,215/housing unit	\$11,521/housing unit
Household Income Served (percent of area median income for MF units)	43.28%	43.08%
MF Fund Leveraging per OWHLF dollar	\$13.03	\$17.89

Single-Family (SF) Units:

SF Affordable Units (constructed or rehabilitated)	107 units	128 units
Average OWHLF SF Subsidy	\$7,739 per unit	\$11,567 per unit

* Jobs created is determined by the total value of projects which are in construction during the FY and receive OWHLF leveraged funds and is not related to the total value of current portfolio.

Chart I. Dollars Leveraged per OWHLF Dollar



ACCOMPLISHMENTS AND STATISTICS

POPULATION SERVED

The OWHLF Board continues to target Utah citizens in greatest need. The 2016 area median income of all Utah renter households served by the OWHLF averages 42.30 percent of the area median income. Chart 2 shows the average percent of area median income served for each of the past five years.

OWHLF ASSETS

OWHLF's total value (including all loans outstanding, property assets and funds available) increased to over \$137 million in FY16 from \$128 million in FY15 (see Table 2). The number of full-time HCD staff assigned to OWHLF is 10 full-time equivalents (FTEs).

Funding to OWHLF helps to meet Utah's affordable housing needs for rental and homeownership opportunities. The production rate from OWHLF has averaged 750–800 multifamily units and 100–125 single-family units per year over the past five years. Utah's need for new affordable units for home ownership has been estimated at almost 3,500 units per year and over 5,100 units of new rental housing per year. Utah's cumulative statewide backlog for new affordable rental units alone is estimated at 38,447 units by the National Low Income Housing Coalition. In spite of the need for



Birkhill, Salt Lake City, UT

affordable units, the Federal HOME Program received no additional funding for FY16 and has experienced a 42-percent decrease since our peak in home funding in FY08. The state has stepped in to fill in a portion of that gap with a one-time \$1 million grant awarded in FY16.

Chart 2. Percent Area Median Income Served

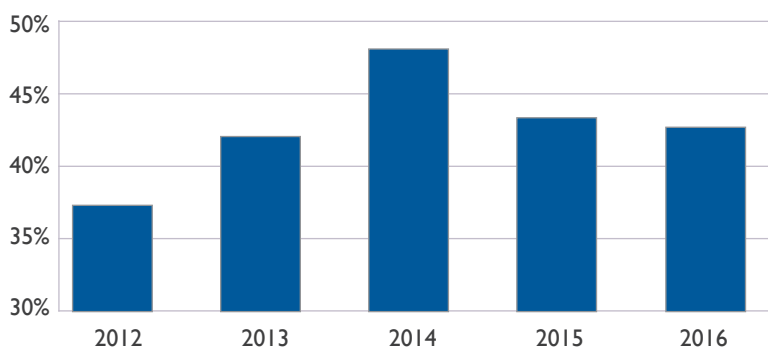


Table 2. OWHLF Assets

Fiscal Year	Rental Rehab (1)	Rural	Home	ADDI (3)	State Match	One Time	Total Funding
1985	\$208,645	\$0	\$0	\$0	\$0	\$0	\$208,645
1986	\$370,744	\$0	\$0	\$0	\$0	\$0	\$370,744
1987	\$187,893	\$0	\$0	\$0	\$0	\$0	\$187,893
1988	\$277,265	\$200,000	\$0	\$0	\$0	\$0	\$477,265
1989	\$232,150	\$200,000	\$0	\$0	\$0	\$0	\$432,150
1990	\$100,701	\$200,000	\$0	\$0	\$0	\$0	\$300,701
1991	\$143,650	\$200,000	\$0	\$0	\$0	\$0	\$343,650
1992	\$83,700	\$200,000	\$0	\$0	\$0	\$0	\$283,700
1993	\$0	\$200,000	\$3,000,000	\$0	\$0	\$0	\$3,200,000
1994	\$0	\$200,000	\$3,000,000	\$0	\$0	\$0	\$3,200,000
1995	\$0	\$200,000	\$2,906,000	\$0	\$2,400,000	\$0	\$5,506,000
1996	\$0	\$162,350	\$3,000,000	\$0	\$1,250,000	\$1,250,000	\$5,662,350
1997	\$0	\$150,000	\$3,000,000	\$0	\$2,250,000	\$1,250,000	\$6,650,000
1998	\$0	\$100,000	\$3,000,000	\$0	\$1,500,000	\$750,000	\$5,350,000
1999	\$0	\$118,000	\$3,000,000	\$0	\$1,000,000	\$1,500,000	\$5,618,000
2000	\$0	\$50,000	\$3,000,000	\$0	\$1,000,000	\$500,000	\$4,550,000
2001	\$0	\$40,000	\$3,000,000	\$0	\$1,500,000	\$500,000	\$5,040,000
2002	\$0	\$50,000	\$3,358,000	\$0	\$2,000,000	\$313,000	\$5,721,000
2003	\$0	\$0	\$3,430,000	\$0	\$2,525,000	\$0	\$5,955,000
2004	\$0	\$0	\$4,154,000	\$170,619	\$2,084,500	\$0	\$6,409,119
2005	\$0	\$0	\$4,211,827	\$201,395	\$2,084,500	\$200,000	\$6,697,722
2006	\$0	\$0	\$4,015,543	\$114,540	\$2,236,400	\$500,000	\$6,866,483
2007	\$0	\$1,500,000	\$3,783,080	\$57,305	\$2,286,400	\$1,000,000	\$8,626,785
2008	\$0	\$61,000	\$3,829,421	\$57,374	\$2,736,400	\$0	\$6,684,195
2009	\$0	\$0	\$3,683,005	\$23,181	\$2,796,400	\$450,000	\$6,952,586
2010	\$0	\$0	\$4,078,334	\$0	\$2,295,700	\$0	\$6,374,034
2011	\$0	\$0	\$3,678,665	\$0	\$2,242,900	\$0	\$5,921,565
2012	\$0	\$1,000,000	\$3,145,900	\$0	\$2,242,900	\$0	\$6,388,800
2013	\$0	\$0	\$3,000,000	\$0	\$2,242,900	\$0	\$5,242,900
2014	\$0	\$0	\$2,700,000	\$0	\$2,242,900	\$0	\$4,942,900
2015	\$0	\$0	\$2,716,100	\$0	\$2,242,900	\$0	\$4,959,000
2016	\$0	\$0	\$2,701,950	\$0	\$2,242,900	\$1,000,000	\$5,944,850
Total	\$1,604,748	\$4,831,350	\$79,391,825	\$624,414	\$45,402,700	\$9,213,000	\$141,068,037

(1) In 1992 the HUD-sponsored HOME Program replaced the HUD-sponsored Rental Rehabilitation Program

(2) The data shown under "Rural Development" are for single-family programs and rural 515 properties sponsored by the U.S. Department of Agriculture

(3) For 2003, HUD announced the American Dream Down-Payment Initiative (ADDI) for first-time homebuyers. Funds were distributed to states on a formula basis. The program ended in 2009.

HOMELESS ASSISTANCE

Since 2005, OWHLF has supported the construction of 793 units for homeless people. Staff monitors tenancy so that they are available for the homeless.

RURAL ASSISTANCE

OWHLF targets rural housing needs for FY16. OWHLF continues to target loans and grants to rural single-family and rural multifamily projects. This past year, 22 percent of all funds were allocated to improve or create affordable housing in rural Utah. This targeting helps rural communities that are not entitlement areas and cannot directly receive HUD HOME allocations.

LONG-TERM STABILITY

OWHLF continues to require funded properties to remain affordable for up to 30 years. In addition, the application review process, loan underwriting and compliance monitoring by HCD staff assure that property owners possess the ability, stability and resources to complete and manage a property throughout the loan period. Six trainings were held during the year to inform local partners and agencies on such topics as the Fair Housing Act, environmental requirements, Davis-Bacon provisions and program standards. HCD completed long-term compliance monitoring for 192 different properties during the year. Compliance monitoring includes review of tenant files at each property, physical inspection of units, assessment of accessibility, verification of adherence to federal Fair Housing laws, use of set-aside units for the homeless and disabled, and review of agency financial records.

EMERGENCY PLANNING

In cooperation with the Utah Division of Emergency Management, OWHLF has launched an initiative to help affordable multifamily housing projects create emergency planning documents and mitigate potential disasters. Part of the initiative includes providing templates, samples and best practices to project owners, project managers and community partners. To date, 67 emergency plans have been completed. A webinar providing tips on emergency planning is available on the HCD website.

SELF-HELP HOMES

In partnership with the United States Department of Agriculture Rural Development, seven local agencies that serve rural Utah received OWHLF money for rural Self-Help Housing projects. The number of self-help

homes constructed to date totals 1,125, including 93 homes completed during FY16. Households contribute 60 percent of the labor for each home under the direction of an agency's construction supervisors. Licensed contractors complete code-sensitive aspects of construction. Rural Development pegs the total net value of the program to date at more than \$265 million.

HOME OWNERSHIP SAVINGS ASSISTANCE

The Utah Individual Development Account (IDA) Network administered by AAA Fair Credit has helped a total of 341 Utah households save money to buy a home. The IDA program in 2016 was supported by \$89,500 in pass-through funds from the Utah Legislature as well as funding from the U.S. Department of Health and Human Services and from area financial institutions. Under this statewide program, households save toward home ownership with matching grant funds provided by participating partners. In FY16, successful savers purchased 32 homes with a net value at over \$6.3 million.

NATIVE AMERICAN HOUSING ASSISTANCE

The OWHLF provided \$60,000 to upgrade 27 Native American low-income homes in the Teec Nos Pos and Red Mesa areas of the Navajo Indian Reservation. Nearly 175 youth volunteers provided approximately 5,250 service hours. The project was managed by the Southeastern Association of Governments and the HCD Weatherization programs. A total of 741 Native American units have been completed to date under this program.

ENERGY CONSERVATION

HCD continues to require ENERGY STAR qualification or a comparable HERS threshold for all projects receiving OWHLF funds. During FY16, HCD's tally of units funded for construction or rehabilitation to ENERGY STAR qualifying levels totaled 6,450 units, compared to a total of 5,230 units for FY15.

ASSISTANCE FOR ACCESSIBLE HOUSING

Accessibility is a major factor in affordable housing since one in five very-low-income households includes a disabled person. During FY16, a total of 97 units were funded that accommodate individuals with disabilities. In addition to these 97 units, 19 households with disabled members made home purchases through the OWHLF HomeChoice Program. All accessible multifamily units funded through the OWHLF are inspected at least biannually to assure that individuals with disabilities are

targeted for available units and that unit dimensions, fixtures and appliances comply with federal Fair Housing and Section 504 accessibility guidelines.

RURAL SINGLE-FAMILY REHABILITATION AND RECONSTRUCTION PROGRAM

This program provides loans statewide through eight agencies for rehabilitating and replacing dilapidated rural housing. As of June 30, 2016, the local agencies had succeeded in completing a total of 433 projects, including 43 replacement homes and 390 units of renovated homes.

COMMUNITY-DRIVEN HOUSING PROGRAM

HCD continues to increase local government compliance with Utah Code 10-9a-403 and 17-27a-403. Since its inception, the HCD-sponsored Community-Driven Housing Program (CDHP) has helped 132 (93 percent) of Utah's 142 cities implement a moderate-income housing plan; 11 of the 12 counties have also implemented plans. CDHP is working with all remaining communities to prepare current moderate-income housing plans.

In accordance with the requirements set forth in Utah Code 10-9a-408 and 17-27a-408, HCD continues to assist cities and counties in their efforts to perform a biennial review of their moderate-income housing plans. HCD facilitates the reporting process by contacting each city and county required to submit a report during the year, distributing a uniform biennial reporting form

and providing technical assistance requested by city and county officials. All reports are now submitted online and can be found catalogued on the HCD website.

The CDHP funding set-aside within OWHLF represents part of HCD's ongoing efforts to increase statewide support for affordable housing. Based on the philosophy that a local government understands its unique affordable housing needs better than third-party developers and other entities, the CDHP set-aside encourages local participation in the development of affordable housing.

Communities that fulfill biennial reporting requirements and have submitted a quality moderate-income housing plan are invited to participate in CDHP each year. The program encourages participating cities and counties to act on the goals established in their plans by providing them with funding for multifamily housing development benefitting targeted, extremely-low-income, low-income and moderate-income households.

TRANSIT ORIENTED DEVELOPMENT FUND

The Transit Oriented Development (TOD Fund) is designed to fund large multifamily housing properties along transit-oriented areas. These locations include stops along the TRAX and Frontrunner lines which operate along the Wasatch Front. TOD developments are especially important because they allow low-income households the option to commute without the reliance on personal vehicles.



Eclave, Salt Lake City, UT

PROFILE OF UTAH'S LOW-INCOME HOUSING NEEDS

In spite of improvement in the overall economy, low-income Utahns are struggling to find affordable housing. Affordability depends on two factors: the income of the individual and the price of housing (either a mortgage payment or rent). In the last year, incomes rose and unemployment dropped. However, there are enduring negative effects from the great recession, including low labor participation rates and low income levels for recent college graduating classes.

While the economic rebound has improved household income, it has also led to increased home prices and rent. Utah's housing market had a very strong year with excellent year-over-year increases in home prices and new single-family housing starts. The successful return to a healthy housing market is important for Utah's economy, but increased prices are a barrier to first-time homeowners and are correlated with increased rent. Additionally, tight lending requirements have imposed difficult requirements, including greater down payments and higher mortgage insurance costs. This results in an ongoing decline in the rate of homeownership and record numbers of renters looking for affordable units. While vacancy rates remain low and rent prices increase, low-income households will continue to feel financial strain.

HOMEOWNERSHIP NEEDS

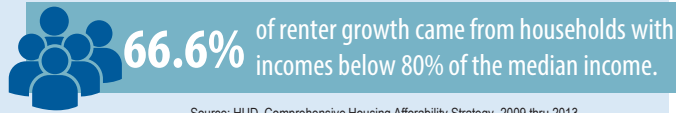
Home-building construction has remained strong after a very busy year last year. According to statistics provided by the National Association of Home Builders, Utah has an 18 percent increase in the value of single-family permits issued from August 2015 to August 2016. The value of permits authorizing construction in Utah was \$4.7 billion in 2016, down slightly from \$5.0 billion in 2015. This estimate includes the value of residential and nonresidential construction and additions, alterations and repairs. Median price of a single-family property has increased in all major metropolitan areas. While economically this is generally considered a healthy and good development, the housing opportunity index compiled by NAHB shows decreasing housing opportunity. Ogden continues to be the most affordable metropolitan area, while St. George is the most expensive. While the market is rebounding nationwide, Utah metropolitan statistical areas (MSAs) are ranking lower in relation to other U.S. metropolitan areas in regard to affordability. These comparative rankings take into account the local median income and assume that if a household would have to pay over 30 percent of its income on housing, that household would be economically burdened, and the local housing stock would be unaffordable.

Entering into the housing market is still difficult for many Utahns. Currently interest rates for mortgages are hovering at all-time lows. This is extremely beneficial in keeping mortgage costs down. However, despite this benefit, many potential buyers are struggling due to the burden of saving for a down payment. Without the means to save for a down payment, many low-income buyers opt for little-down or no-money-down mortgages, which come with higher rates and extremely expensive private mortgage insurance.

Instead of growing as a result of households entering the market, growth in the housing market has come in part from institutional buyers and other cash buyers who have taken advantage of the decreased housing values. These buyers are partly responsible for the increases in housing prices.

State of Utah Housing Profile, 2009-2013

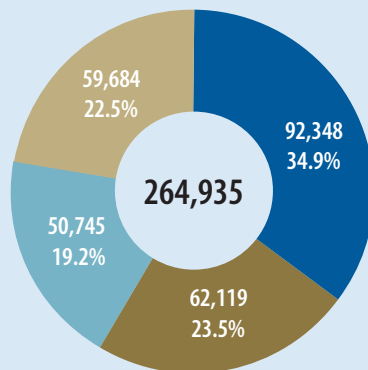
Renter Households



Source: HUD. Comprehensive Housing Affordability Strategy, 2009 thru 2013.

Renter Households in the State of Utah, 2009-2013

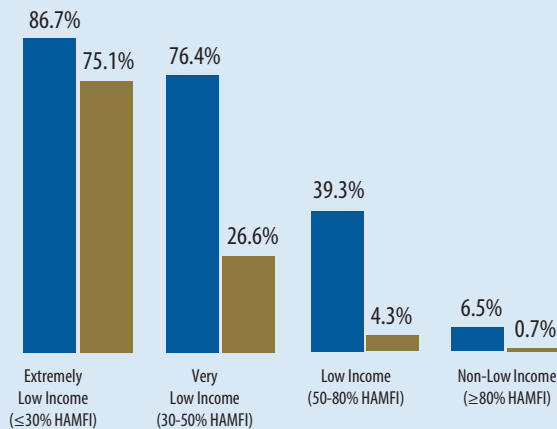
- Non-Low Income (≥80% HAMFI)
- Low Income (50-80% HAMFI)
- Very Low Income (30-50% HAMFI)
- Extremely Low Income (≤30% HAMFI)



Source: HUD (2016) 2009-2013 Comprehensive Housing Affordability Strategy.

Cost Burdened Renter Households in the State of Utah, 2009-2013

- Cost Burdened (>30% Income)
- Severely Cost Burdened (>50% Income)



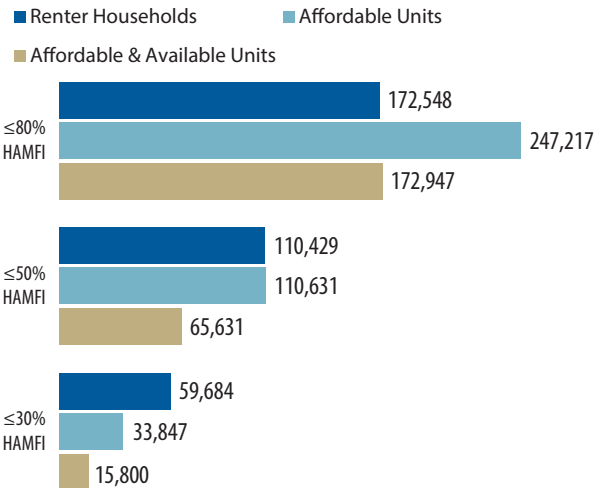
Source: HUD (2016) 2009-2013 Comprehensive Housing Affordability Strategy.

\$34,403 Median Renter Household Income

58.5% AMI

Rental Housing Gap

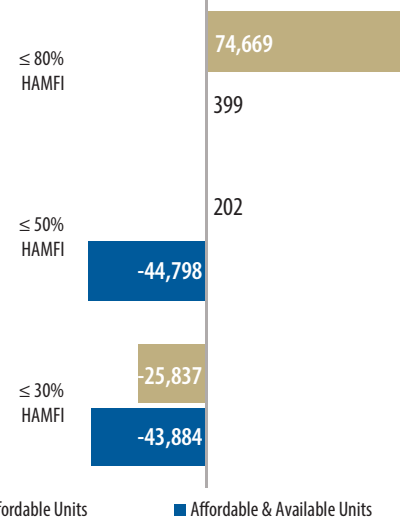
Gap in Affordable & Available Rental Units in the State of Utah, 2009-2013



Note: As income decreases, the quantity of affordable and/or available units tends to decrease. (Categories are cumulative)

Source: HUD (2016) 2009-2013 Comprehensive Housing Affordability Strategy.

Deficit/Surplus of Rental Housing Units in the State of Utah, 2009-2013



Source: HUD (2016) 2009-2013 Comprehensive Housing Affordability Strategy.

An affordable unit is one which a household at the defined income threshold can rent without paying more than 30% of its income on housing and utility costs. A unit is affordable and available if that unit is both affordable and vacant, or is currently occupied by a household at or below the defined income threshold.

RENTER NEEDS

Renters as a whole earn much less money and have a very difficult time finding affordable housing. Approximately 57,764 Utahns, or 21 percent of renter households, are extremely low income, meaning that they earn less than \$20,641 per year. To accommodate these households, Utah would have to build 38,447 affordable rental units. Currently less than 3,000 are built in a year. Due to the shortage of affordable housing units, many renters are cost burdened.

The percent of individuals who are cost burdened in regard to housing increases significantly as incomes decrease. This housing burden prevents poor families from building a safety net to weather temporary difficulties. An estimated 47 percent of renters cannot afford \$794 per-month average payment for a two-bedroom apartment, a two-percent increase over last year. For the average renter, this monthly cost equates to 47 percent of their monthly income. For those earning minimum wage, this would require 2.2 full-time jobs.

Thirty percent of Utahns are renters. Many jobs important to the economy and considered middle-class occupations do not pay well enough for workers to become homeowners. Occupations such as school teachers, nurses, policemen and firemen are, according to their median incomes, priced out of a single-family home and sometimes unable to afford a three-bedroom apartment. The cost of housing puts them in a difficult situation often resulting in both parents working or living in substandard accommodations. Single-parent families and those with disabilities are further compromised. Another side effect is that these challenges incentivize families to have smaller families and can result in an older workforce and eventually a decrease in the dependency ratio of workers to non-workers. As more households turn to renting, vacancy rates—which have historically been low in Utah—have decreased further. Analysts expect continued upward pressure on rental prices through 2016. Vacancy rates in most markets dropped below five percent, and rental rates increased three percent to five percent. The strong rental demand was a result of a number of factors: renting was easier and often the only option for households with credit issues and low FICO scores, pent-up demand was released from doubled-up households, and consumer preferences shifted modestly from owning to renting, particularly among young households.



Cascade Gardens, Provo, UT



Eagle View, Richfield, UT

Table 3. Construction

Year	Single-family Units	Mobile/ Manufactured/ Cabin Units	Duplex/ Twin Home Units	Multifamily/ Condo Units	Total Dwelling Units	% Single-family Units
1975	9,922	0	658	2,104	12,684	78.2%
1976	13,546	0	1,028	4,047	18,621	72.7%
1977	17,424	0	1,678	4,180	23,282	74.8%
1978	15,618	0	1,356	4,290	21,264	73.4%
1979	12,570	0	742	3,455	16,767	75.0%
1980	7,760	0	734	2,407	10,901	71.2%
1981	5,413	0	694	3,146	9,253	58.5%
1982	4,767	0	544	2,360	7,671	62.1%
1983	9,806	0	630	5,228	15,664	62.6%
1984	7,496	0	744	10,583	18,823	39.8%
1985	7,403	0	480	7,364	15,247	48.6%
1986	8,512	0	416	4,516	13,444	63.3%
1987	6,530	0	164	611	7,305	89.4%
1988	5,297	0	94	324	5,715	92.7%
1989	5,179	0	108	345	5,632	92.0%
1990	6,099	0	140	770	7,009	87.0%
1991	7,912	534	144	814	9,404	84.1%
1992	10,371	888	290	1,432	12,981	79.9%
1993	12,860	1,018	370	3,486	17,734	72.5%
1994	13,947	1,154	530	4,116	19,747	70.6%
1995	13,904	1,229	820	5,605	21,558	64.5%
1996	15,139	1,408	708	6,482	23,737	63.8%
1997	14,079	1,343	636	4,629	20,687	68.1%
1998	14,476	1,505	646	5,116	21,743	66.6%
1999	14,561	1,346	612	3,831	20,350	71.6%
2000	13,463	1,062	504	3,125	18,154	74.2%
2001	13,851	735	492	4,597	19,675	70.4%
2002	14,466	926	456	3,693	19,541	74.0%
2003	16,515	766	512	5,043	22,836	72.3%
2004	17,724	716	708	5,145	24,293	73.0%
2005	20,912	811	938	5,624	28,285	73.9%
2006	19,888	776	878	4,780	26,322	75.6%
2007	13,510	739	732	5,558	20,539	65.8%
2008	5,513	546	174	4,370	10,603	52.0%
2009	5,217	320	150	4,801	10,488	49.7%
2010	5,936	240	202	2,688	9,066	65.5%
2011	5,376	174	166	3,111	8,827	60.9%
2012	7,625	156	206	3,258	11,245	67.8%
2013	9,778	142	190	4,856	14,966	65.3%
2014	8,566	362	150	8,800	17,878	47.9%
2015	4,661	96	104	3,757	8,618	54.1%
2016	11,976	184	252	7,658	20,070	59.7%

*2016 numbers are annualized based on January-July information

Chart 3. Utah Housing Price Index

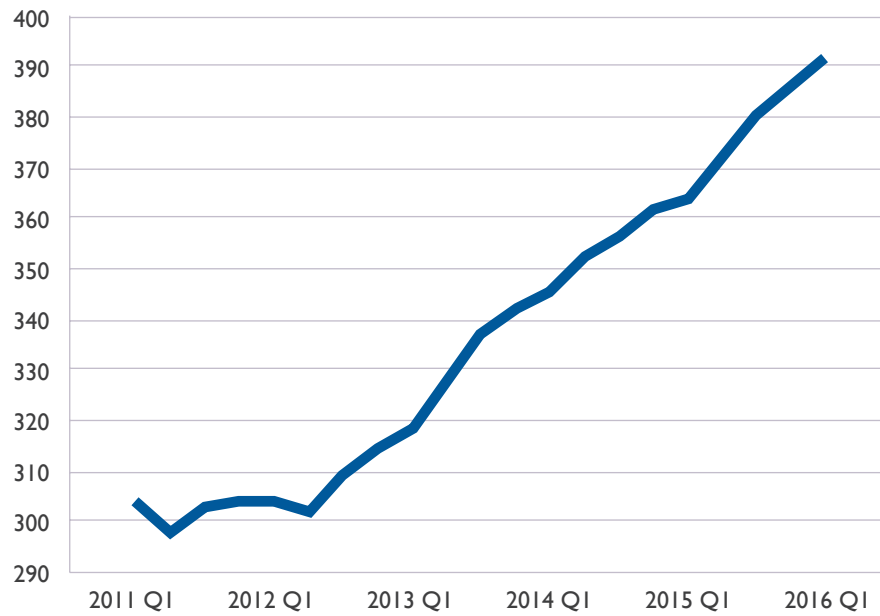


Table 4. Housing Opportunity Index First Quarter 2014–15

Metro Area	Median Price					Housing Opportunity Index				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
Ogden-Clearfield, UT	166	149	192	202	196	91.1	93.4	81.5	82.8	84.7
Salt Lake City, UT	191	215	233	249	256	82.9	79.3	68.4	72.6	72.5
Provo-Orem, UT	192	218	232	249	265	84.3	75.1	68.0	72.3	67.6
St. George, UT	181	211	213	221	232	75.7	72.3	57.3	61.6	63.7

Metro Area	Median Income					National Rank of Affordability				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
Ogden-Clearfield, UT	71.5	70.8	71.3	73.5	73.0	25	11	70	75	55
Salt Lake City, UT	71.3	70.3	68.7	72.2	73.8	131	139	158	137	138
Provo-Orem, UT	67.1	61.9	64.2	67.6	67.6	109	157	161	139	155
St. George, UT	57.1	56.8	53.8	54.9	59.6	178	175	193	182	172

Table 5. Current Housing Burden for Utah Renters

County	% Of Total Households that Are Renters (2010-2014)	Annual Area Median Income	Estimated Mean Renter Wage	Two-Bedroom Fair Market Rent	Full-Time Jobs at Mean Renter Wage Needed to Afford 2 Bdrm Fmr
Utah State	30%	\$69,938	\$12.39	\$849	1.3
Non Metro	26%	\$65,105	\$11.93	\$764	1.2
Beaver County	24%	\$57,700	\$7.29	\$661	1.7
Box Elder County	22%	\$64,600	\$10.07	\$661	1.3
Cache County	35%	\$57,700	\$8.61	\$658	1.5
Carbon County	30%	\$61,000	\$11.51	\$672	1.1
Daggett County	21%	\$69,700	\$9.76	\$845	1.7
Davis County	22%	\$73,000	\$10.12	\$826	1.6
Duchesne County	25%	\$64,700	\$16.07	\$778	0.9
Emery County	19%	\$62,600	\$15.87	\$658	0.8
Garfield County	21%	\$51,800	\$10.21	\$658	1.2
Grand County	34%	\$64,300	\$9.59	\$731	1.5
Iron County	37%	\$51,100	\$8.05	\$658	1.6
Juab County	19%	\$67,600	\$11.65	\$788	1.3
Kane County	22%	\$60,400	\$11.10	\$794	1.4
Millard County	25%	\$60,800	\$11.59	\$658	1.1
Morgan County	13%	\$73,000	\$9.28	\$826	1.7
Piute County	14%	\$51,500	\$6.19	\$847	2.6
Rich County	18%	\$67,000	\$6.42	\$886	2.7
Salt Lake County	33%	\$73,800	\$14.00	\$938	1.3
San Juan County	21%	\$47,800	\$12.00	\$658	1.1
Sanpete County	26%	\$60,000	\$8.20	\$702	1.6
Sevier County	23%	\$55,400	\$10.39	\$663	1.2
Summit County	24%	\$98,400	\$11.59	\$1,030	1.7
Tooele County	24%	\$67,900	\$13.16	\$769	1.1
Uintah County	25%	\$67,700	\$17.74	\$870	0.9
Utah County	33%	\$67,600	\$11.35	\$788	1.3
Wasatch County	26%	\$72,200	\$11.97	\$927	1.5
Washington County	31%	\$59,600	\$10.53	\$794	1.5
Wayne County	15%	\$49,400	\$9.59	\$658	1.3
Weber County	29%	\$73,000	\$10.28	\$826	1.5

Table 6. FY16 Multifamily Projects

FY16 Multifamily Projects	County	AMI Served	Units Funded	OWHLF Allocation	Estimated Cost for Total Project
Anchor East and West	Salt Lake	30.84%	30	\$110,000	\$1,828,121
Artesian Springs II	Salt Lake	44.01%	89	\$1,000,000	\$19,782,360
Bodhi	Salt Lake	39.58%	60	\$1,000,000	\$13,510,148
Brigham Place II	Box Elder	43.00%	42	\$1,000,000	\$7,301,650
North Fourth	Salt Lake	43.91%	81	\$1,000,000	\$16,783,755
Remington Park II	Tooele	39.29%	24	\$60,000	\$3,041,703
Sharon Gardens	Salt Lake	42.59%	44	\$1,000,000	\$7,965,184
Six Sixteen	Salt Lake	60.00%	230	\$1,000,000	\$47,510,713
Summerhill I	Washington	40.00%	20	\$441,672	\$3,083,219
Summerhill II	Washington	40.00%	20	\$406,000	\$3,353,444
The Station at Midvale II	Salt Lake	43.70%	64	\$1,000,000	\$16,251,462
TenFifteen	Salt Lake	50.00%	11	\$220,000	\$5,944,038
Totals/Average		43.08%	715	\$8,237,672	\$146,355,797

REHABILITATION NEEDS

In addition to this demand for new units, affordability must be maintained for over 176,000 existing low-income housing units. This includes over 97,000 rental units. A statewide survey of Utah's low-income housing stock shows an ongoing need for rehabilitation. For the lowest-income population, this equates to over 8,500 units needing full rehabilitation each year.

In parts of southeastern Utah, 34 percent of homes are considered deteriorated or dilapidated. The need for extensive rehabilitation of housing stock is serious. In many counties in central and eastern Utah, the population is stagnant with little new housing, and the aging housing stock has not been maintained properly. OWHLF runs a rural single-family rehabilitation and reconstruction program to address this situation. Under the OWHLF programs, participants living in these difficult, unsafe or unsanitary conditions are identified for assistance. All owner-occupied single-family homes rehabilitated by OWHLF in FY16 had health and safety issues.



Enclave, Salt Lake City, UT

PROGRAM PLANNING EFFORTS

The Olene Walker Housing Loan Fund is required to conduct extensive planning. Every five years OWHLF conducts a study of the housing market and completes a needs assessment based off of this study. The HCD, of which OWHLF is a part, plans out what it is going to prioritize in the expenditure of funds and decides how it is going to measure its progress and what indicators it will use. OWHLF then makes specific goals regarding its work and desired outcomes. In doing this, HCD is continually reviewing its practices and procedures to ensure efficiency.

The main planning document that guides HCD is the Consolidated Plan. This five-year plan is meant to direct activities as a guide and constitution for HCD's efforts. The plan covers not only the OWHLF but also all other grant funds received from the federal government. The Consolidated Plan is required by HUD for the allocation of federal HOME, ESG, HOPWA and CSBG funds. In completing Utah's Consolidated Plan, HCD works closely with the seven Utah regional Associations of Governments (AOG). The regional AOGs in Utah develop their own consolidated plans through research, data gathering and public meetings involving residents, local governments and public service agencies. The statewide Utah Consolidated Plan and updates provide a comprehensive overview of community development, housing, homeless needs and priorities plus an analysis of impediments to fair-housing choice in Utah.

After completing the five-year Consolidated Plan, HCD follows up with Annual Action Plans that make more detailed goals for HCD's annual performance. This annual plan takes into account more current information regarding the housing market and the needs of Utah's citizens. At the end of the program year, HUD also requires a Comprehensive Annual Performance and Evaluation Report. In July 2015, HUD approved Utah's 2015–2020 five-year Consolidated Plan. The 2016 Annual Action Plan can be found on HCD's recently renovated website at jobs.utah.gov/housing/publications/consolidated_plan.html.



Victoria Woods, Draper, UT

ADMINISTRATION AND PORTFOLIO MANAGEMENT

The OWHLF Board, as established per 63-34-4 and 9-4-701 to 708, governs the fund. Federal HUD and USDA Rural Development rules, state regulations and the OWHLF Program Guidance and Rules guide implementation of programs and distribution of funds. Fund management, expenditures and program operations are reviewed and audited by the U.S. Department of Housing and Urban Development (HUD) and the Utah State auditor.

Since 1987, HCD has provided leadership for Utah's affordable housing sector. From 1985 through June 30, 2016, HCD-managed programs and funding have created or preserved a total of 16,368 units statewide. OWHLF monies are dispersed through the Housing and Community Development Division's housing programs to eligible projects that:

- Increase the number of affordable housing units statewide
- Achieve a high degree of leverage with other financing
- Leverage local government contributions in the form of infrastructure improvements and other assistance
- Encourage responsible single-family home ownership and multifamily unit management
- Demonstrate a strong probability of serving the original target group of income group for a period of at least five to 15 years
- Serve the greatest need
- Demonstrate the ability, stability and resources to complete the project
- Provide housing for persons and families with the lowest incomes
- Achieve Energy Star and other nationally-recognized green criteria
- Contribute to overall neighborhood and community sustainability
- Meet local government housing plans and local needs
- Mitigate or correct existing health, safety or welfare problems
- Support Utah's efforts to end chronic homelessness

By focusing on loans rather than grants, the OWHLF Board has chosen to roll repayments into new projects to meet Utah's future housing needs.

PROJECT FUNDING CONSIDERATIONS

For each housing project application, HCD recommends a level of funding to the OWHLF Board necessary to achieve long-term financial viability and to ensure that low-income populations are served throughout the funding period. Board meetings are conducted under State of Utah public meeting laws. In making final project approvals, the OWHLF Board also considers:

- The sources and uses of funds and total financing, including loan terms, equity and contributions planned for the project
- Adherence to special set-asides for Community Housing Development Organizations (CHDOs), rural set-asides, special-needs housing and grants
- The equity proceeds expected to be generated by use of the low-income housing tax credits
- The percentage of the housing dollar amounts used for hard project costs compared to the cost of intermediaries (e.g., syndication, developer, consulting) and other soft costs
- The reasonableness of the developmental, constructional and operational costs of the project and the rate of return for the owners
- Support from the local community, including the amount of any CDBG grant funds allocated to the project
- Priority of the project in a community's affordable housing plan
- The proposed time frame for construction or rehabilitation
- Project cash flow

There are four application cycles each year. To coincide with the federal tax credit application process, larger requests for OWHLF multifamily project funding tend to occur each fall. HCD anticipates an increase in requests for FY16 funding due to overall demand for affordable housing units, current law, proceeds from tax credit sales and high construction and land costs. For a list of multifamily projects funded in FY16, see Table 6.



Victoria Woods, Sandy, UT



North Sixth, Salt Lake City, UT

SET-ASIDES

The Olene Walker Housing Loan Fund Board has created the following set-asides to comply with federal and state allocation statutory requirements. These set-asides include:

- **CHDO** — The Board will set aside not less than but not limited to 15 percent of the available HUD funds for qualified Community Housing Development Organizations (CHDOs) in accordance with HUD HOME program rules.
- **Rural Set-Aside** — The Board will set aside approximately 20 percent of the overall funding available for projects located in those areas of the state adopted from the USDA as areas of chronic economic distress otherwise designated by the Board as rural areas.
- **Special Needs** — The Board sets aside 15 percent of the overall funds for use in developing special-needs housing for persons who are elderly, frail, mentally and physically disabled, homeless or afflicted with AIDS who need transitional housing.
- **Multifamily Grants** — A set-aside of five percent of the overall funds available for multifamily projects is made available to qualified projects and individuals as grants per the OWHLF Allocation Plan. At least 90 percent of all funds used as grants benefit persons or families whose income is below 50 percent of the area median income.
- **Multifamily Loans** — To meet the objectives of the program as set forth by the State of Utah per 9-4-703, a set-aside of 50 percent of the overall funds available for multifamily projects is allocated for loans. Those loans are to be made per the criteria outlined in the adopted “Loan Policies and Products.”
- **Single-Family** — The Single-Family Allocation Plan utilizes funds to create and preserve single-family housing for lower-income households. Projects must demonstrate containment and resource leveraging, exhibit efficient and effective utilization of funds, encourage individual empowerment, achieve equitable geographic distribution of resources and provide housing to special-needs populations, including larger families and those who are elderly, physically disabled or mentally ill. Single-family programs include the Single-Family Rehabilitation and Reconstruction, Individual Development Accounts, Rural Self Help, HomeChoice for the disabled and Emergency Home Repair.

BOARD MEMBERSHIP

The OWHLF Board is appointed by the governor and includes 11 voting members representing local government, mortgage lenders, real estate sales, homebuilders, rental housing representatives, housing advocates, manufactured housing representatives and the general public. There are two ex-officio Board members. To maintain the integrity of Board decisions, and to abide by HUD regulations and state statutes regarding conflicts of interest, all Board members are required to provide the Attorney General's Office and the Office of the Governor with full disclosure of project-related conflicts of interest. When conflicts arise, the Board is required to request formal exceptions through the Utah Attorney General's Office and from the HUD Regional Office.

BOARD MEMBERS

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DEPARTMENT OF WORKFORCE SERVICES

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Casey Cameron, Deputy Director

Greg Paras, Deputy Director

HOUSING AND COMMUNITY DEVELOPMENT DIVISION

Jonathan Hardy, Director

Tamera Kohler, Assistant Director

Katherine A. Smith, Assistant Director

OLENE WALKER HOUSING LOAN FUND STAFF

Shelli Glines, Director of Housing Programs

Annette Despain

Steve Fox

Daniel Herbert-Voss

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Department of Workforce Services
Housing and Community Development Division

